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Oilseeds Crop Update - Use of Soybean Products Up

Report Categories:

Oilseeds and Products

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Report Highlights:

The competitive price situation of soybeans in MY 2010/11 is forecast to increase the use of soybean meal in feed and the use of soybean oil for biofuels production more than expected in the previous EU-27 Oilseeds and Products Annual Report. The high demand in animal feed will lead to higher imports of soybean meal. Rapeseed and sunflower production in MY2010/11 is revised down mainly because of lower than expected average yields caused by unfavorable weather conditions.

General Information:

Introduction

This report presents the outlook for oilseeds in the EU-27. The data in this report is based on the views of Foreign Agricultural Service (FAS) analysts in the EU and is not official USDA data.

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Abbreviations used in this report

Benelux	= Belgium, the Netherlands, and Luxembourg
CAP	= EU common agricultural policy
CY	= Calendar year
e	= Estimate (of a value/number for the current, not yet completed, marketing year)
EU-27	= European Union of 27 member states (Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, France, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom)
f	= Forecast (of a value/number for the next, not yet started, marketing year)
FAS EU-27	= FAS EU-27 oilseeds reporting team
FSU	= Former Soviet Union
Ha	= Hectares
GE	= Genetically engineered / Genetically engineered organisms
GHG	= Greenhouse gas
MT	= Metric ton (1000 kg)
MMT	= Million metric tons
MS	= EU Member State(s)
MY	= Marketing year
SME	= Soybean meal equivalent
U.K.	= United Kingdom

U.A.E. = United Arab Emirates
U.S. = The United States of America

In this report "**biofuel**" includes only biofuels used in the transport sector. Biomass/biofuel used for electricity production or other technical uses such as lubricants or in detergents are included in "**industrial use**".

The marketing years used in this report are:

July-June

Rapeseed complex

October -September

Soybean complex

Sunflower complex

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1. Summary

Coordinator: Roswitha Krautgartner, FAS/Vienna

High grain prices, lower rapeseed production, and a strong broiler production boost the demand for soybean meal in MY 2010/11. The competitive price situation of soybeans is forecast to increase the use of soybean meal in feed and the use of soybean oil for biofuels production more than expected in the previous EU-27 Oilseeds and Products Annual Report. Due to high demand and increased domestic soybean production crush is revised up. The high demand in animal feed will lead to higher imports of soybean meal.

Rapeseed production in MY2010/11 is revised down mainly because of lower than expected average yields caused by unfavorable weather conditions. Despite lower domestic production, imports and crushing of rapeseed are forecast lower due to lower production in major supplier countries and a lower EU crushing capacity caused by a fire in a German oil mill in April 2010. Less domestic production resulting in higher prices lower the forecast of rapeseed meal use in animal feed compared to previous expectations. Lower domestic rapeseed oil production and increased demand for food and biofuels will lead to increased imports of rapeseed oil.

Declining yields due to unfavorable weather conditions and lower area result in a lower production forecast of sunflower seed in MY 2010/11 than in the previous report. Limited world supply and bullish price trends are

expected to result in lower imports. Lower domestic supply and lower imports cause lower crush and the sunflower meal and oil production. The forecast for sunflower meal use in the animal sector is revised up. Lower sunflower oil production and stable to increased food use motivate higher imports of sunflower oil.

Table 1: EU-27 Area of Major Oilseeds (in 1,000 ha)

Area	2008	2009e	2010f
Rapeseed	6,180	6,508	6,890
Sunflower	3,740	3,900	3,915
Soybeans	236	299	340

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2008 = harvested in CY 2008, marketed in MY 2008/09)

Table 2: EU-27 Major Oilseed Production (in 1,000 MT)

Production	2008	2009e	2010f
Rapeseed	18,936	21,445	20,300
Sunflower	7,100	7,000	6,850
Soybeans	639	840	905

Note: The years refer to the calendar year in which the harvest occurs (e.g. 2008 = harvested in CY 2008, marketed in MY 2008/09)

Table 3: EU-27 Major Oilseed Crush (in 1,000 MT)

Crush	MY 2008/09	MY 2009/10e	MY 2010/11f
Rapeseed	21,000	22,900	22,200
Sunflower	5,910	6,140	5,950
Soybeans	12,860	12,500	12,600

Table 4: Feed, Seed, Waste Use of Major Oil Meals in the EU-27 (in 1,000 MT)

Feed, Seed, Waste Use	MY 2008/09	MY 2009/10e	MY 2010/11f
Soybeans	31,613	31,400	32,500
Rapeseed	11,429	12,575	12,312
Sunflower	5,338	5,350	5,083

Table 5: Industrial Use of Major Oils in the EU27 (in 1,000 MT):

Industrial Dom. Consumption	MY 2008/09	MY 2009/10e	MY 2010/11f
Rapeseed Oil	6,325	7,010	7,105
Soybean Oil	1,136	1,020	1,090
Sunflower Oil	278	300	312

2. Soybean Complex

Coordinator: Marie-Cecile Henard

EU-27 Soybean PSD

Oilseed, Soybean EU-27	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	250	236	236	350	304	299	350	354	340	(1000 HA)
Area Harvested	237	236	236	304	304	299	350	354	340	(1000 HA)
Beginning Stocks	814	814	814	558	574	558	611	623	590	(1000 MT)
Production	639	639	639	863	863	840	1,000	1,015	905	(1000 MT)
MY Imports	13,21 3	13,21 3	13,21 3	13,00 0	12,80 0	12,90 0	12,60 0	12,50 0	13,00 0	(1000 MT)
MY Imp. from U.S.	2,231	0	2,230	2,680	0	3,000 0	2,600	0	2,500 0	(1000 MT)
Total Supply	14,66 6	14,66 6	14,66 6	14,42 1	14,23 7	14,29 8	14,21 1	14,13 8	14,49 5	(1000 MT)
MY Exports	22	22	22	40	25	25	30	25	20	(1000 MT)
Crush	12,86 0	12,86 0	12,86 0	12,50 0	12,40 0	12,50 0	12,40 0	12,30 0	12,60 0	(1000 MT)
Food Use Dom. Cons.	110	110	110	120	137	131	120	140	140	(1000 MT)
Feed Waste Dom. Cons.	1,116	1,100	1,100	1,150	1,052	1,052	1,100	1,101	1,100	(1000 MT)
Total Dom. Cons.	14,08 6	14,07 0	14,07 0	13,77 0	13,58 9	13,68 3	13,62 0	13,54 1	13,84 0	(1000 MT)
Ending Stocks	558	574	558	611	623	590	561	572	635	(1000 MT)
Total Distribution	14,66 6	14,66 6	14,65 0	14,42 1	14,23 7	14,29 8	14,21 1	14,13 8	14,49 5	(1000 MT)

Source: FAS EU-27

EU-27 Soybean meal PSD

Meal, Soybean EU-	2008/2009	2009/2010	2010/2011
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27										
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Crush	12,860	12,860	12,860	12,500	12,400	12,500	12,400	12,300	12,600	(1000 MT)
Extr. Rate, 999.9999	1.	1.	0.7932	1.	1.	0.792	1.	1.	0.7937	(PERCENT)
Beginning Stocks	1,065	1,065	1,065	130	643	130	234	451	138	(1000 MT)
Production	10,131	10,200	10,200	9,848	9,800	9,900	9,769	9,700	10,000	(1000 MT)
MY Imports	20,980	20,974	20,974	21,800	22,500	22,000	23,050	23,000	23,000	(1000 MT)
MY Imp. from U.S.	227	0	227	150	0	900	200	0	400	(1000 MT)
Total Supply	32,176	32,239	32,239	31,778	32,943	32,030	33,053	33,151	33,138	(1000 MT)
MY Exports	467	454	454	450	400	450	450	400	450	(1000 MT)
Industrial Dom. Cons.	10	10	10	10	10	10	10	10	10	(1000 MT)
Food Use Dom. Cons.	32	32	32	32	32	32	32	32	32	(1000 MT)
Feed Waste Dom. Cons.	31,537	31,100	31,613	31,052	32,050	31,400	32,258	32,200	32,500	(1000 MT)
Total Dom. Cons.	31,579	31,142	31,655	31,094	32,092	31,442	32,300	32,242	32,542	(1000 MT)
Ending Stocks	130	643	130	234	451	138	303	509	146	(1000 MT)
Total Distribution	32,176	32,239	32,239	31,778	32,943	32,030	33,053	33,151	33,138	(1000 MT)

Source: FAS EU-27

EU-27 Soybean oil PSD

Oil, Soybean EU-27	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Crush	12,860	12,860	12,860	12,500	12,400	12,500	12,400	12,300	12,600	(1000 MT)
Extr. Rate, 999.9999	0.	0.	0.1827	0.	0.	0.18	0.	0.	0.1825	(PERCENT)
Beginning Stocks	211	211	211	140	261	198	160	231	188	(1000 MT)
Production	2,314	2,350	2,350	2,250	2,200	2,250	2,232	2,200	2,300	(1000 MT)
MY Imports	793	792	792	450	600	550	400	550	560	(1000 MT)
MY Imp. from U.S.	3	0	0	3	0	0	0	0	0	(1000 MT)
Total	3,318	3,353	3,353	2,840	3,061	2,998	2,792	2,981	3,048	(1000 MT)

Supply										MT)
MY	399	399	399	400	270	390	300	270	350	(1000
Exports										MT)
Industrial Dom.	1,085	1,073	1,136	910	1,040	1,020	920	1,000	1,090	(1000
Cons.										MT)
Food Use Dom.	1,564	1,500	1,500	1,240	1,400	1,300	1,310	1,350	1,300	(1000
Cons.										MT)
Feed Waste Dom.	130	120	120	130	120	100	130	120	100	(1000
Cons.										MT)
Total Dom.	2,779	2,693	2,756	2,280	2,560	2,420	2,360	2,470	2,490	(1000
Cons.										MT)
Ending	140	261	198	160	231	188	132	241	208	(1000
Stocks										MT)
Total	3,318	3,353	3,353	2,840	3,061	2,998	2,792	2,981	3,048	(1000
Distribution										MT)

Source: FAS EU-27

MY 2010/11

In MY 2010/11, the high prices for wheat, boosted by the drought in Russia and restrictions on Russian exports, and by the short EU grain harvest, are expected to increase the use of soybean meal relative to grains. In addition, rapeseed meal prices are expected to be higher than in the previous year, due to the shorter EU-27 rapeseed crop in 2010. Also, soybean production is expected to be high in North and South America in 2010. Finally, the European broiler production, which is the largest market segment for soybean meal, is expected to remain strong in MY 2010/11. As a result, European feed compounders are likely to increase their use of soybean meal as a feed ingredient. Feed use of soybean meal was revised up to 32.5 million MT from 31.4 million MT in MY 2009/10.

Increased feed demand is expected to raise import demand for soybean meal. Soybean meal imports are expected to increase to 23 million MT from 22 million MT in MY 2009/10. A higher crush is also expected to contribute to the expanding demand for soybean meal in animal feed, and soybean crush was revised up to 12.6 million MT from our previous estimate of 12.3 MMT and compares to 12.5 million MT in MY 2009/10. The increase in soybean imports to 13 million MT from 12.9 million MT in MY 2009/10 is expected to be of the same magnitude of the increase in soybean crush.

In MY 2010/11, the increase in soybean crush in the European Union is driven by reduced rapeseed and sunflower seed crush, resulting from lower rapeseed and sunflower seed supply.

Another factor positively affecting EU soybean crush is the slowly expanding domestic soybean production. In MY 2010/11, EU-27 soybean production is expected at 905,000 MT. This is lower than previously expected but considerably up from 840,000 MT in MY 2009/10. The production increase in 2010/11 mainly results from increased plantings in Italy, where higher prices and increasing yields make growing soybeans more attractive.

The competitive price situation for soybean products relative to rapeseed products is likely to increase the EU demand for soybean oil to process biodiesel, particularly in Spain, while the increase in rapeseed oil for processing biodiesel will slow down. As of January 2011, Germany, the leading biodiesel producer in the EU, will enforce the requirement for sustainability certification for biofuels and their feedstock. To date, it is unclear

Total Supply	23,29 9	23,29 1	23,23 8	25,37 4	25,34 0	25,08 6	23,65 0	25,30 7	23,83 6	(1000 MT)
MY Exports	98	97	97	140	133	150	100	140	160	(1000 MT)
Crush	20,40 0	21,30 0	21,00 0	22,55 0	23,30 0	22,90 0	21,81 0	23,45 0	22,20 0	(1000 MT)
Food Use Dom. Cons.	0	0	0	0	0	0	0	0	0	(1000 MT)
Feed Waste Dom. Cons.	974	500	600	984	500	500	870	500	500	(1000 MT)
Total Dom. Cons.	21,37 4	21,80 0	21,60 0	23,53 4	23,80 0	23,40 0	22,68 0	23,95 0	22,70 0	(1000 MT)
Ending Stocks	1,827	1,394	1,541	1,700	1,407	1,536	870	1,217	976	(1000 MT)
Total Distribution	23,29 9	23,29 1	23,23 8	25,37 4	25,34 0	25,08 6	23,65 0	25,30 7	23,83 6	(1000 MT)

Source: FAS EU-27

EU-27 Rapeseed Meal PSD

Meal, Rapeseed EU- 27	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Crush	20,40 0	21,30 0	21, 00	22,55 0	23,30 0	22,90 0	21,81 0	23,45 0	22,20 0	(1000 MT)
Extr. Rate, 999.9999	1.	1.	5.619	1.	1.	0.559	1.	1.	0.558 6	(PERCENT)
Beginning Stocks	101	101	101	95	453	457	83	640	607	(1000 MT)
Production	11,74 4	11,95 0	11,80 0	12,98 2	13,10 0	12,80 0	12,56 0	13,20 0	12,40 0	(1000 MT)
MY Imports	171	171	171	150	130	140	100	125	140	(1000 MT)
MY Imp. from U.S.	0	0		0	0		0	0		(1000 MT)
Total Supply	12,01 6	12,22 2	12,07 2	13,22 7	13,68 3	13,39 7	12,74 3	13,96 5	13,14 7	(1000 MT)
MY Exports	162	161	161	200	175	210	150	175	190	(1000 MT)
Industrial Dom. Cons.	0	25	25	0	5	5	0	10	5	(1000 MT)

Food Use Dom. Cons.	0	0		0	0		0	0		(1000 MT)
Feed Waste Dom. Cons.	11,759	11,583	11,429	12,944	12,863	12,575	12,500	13,030	12,312	(1000 MT)
Total Dom. Cons.	11,759	11,608	11,454	12,944	12,868	12,580	12,500	13,040	12,317	(1000 MT)
Ending Stocks	95	453	457	83	640	607	93	750	640	(1000 MT)
Total Distribution	12,016	12,222	12,072	13,227	13,683	13,397	12,743	13,965	13,147	(1000 MT)

Source: FAS EU-27

EU-27 Rapeseed Oil PSD

Oil, Rapeseed EU-27	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Crush	20,400	21,300	21,000	22,550	23,300	22,900	21,810	3,450	22,200	(1000 MT)
Extr. Rate, 999.9999	0.	0.	0.419	0.	0.	0.418	0.	3.	0.416	(PERCENT)
Beginning Stocks	169	169	169	274	356	343	309	330	380	(1000 MT)
Production	8,472	8,900	8,800	9,370	9,700	9,500	9,070	9,800	9,240	(1000 MT)
MY Imports	454	454	454	450	460	430	450	450	600	(1000 MT)
MY Imp. from U.S.	85	0	92	80	0	30	80	0	80	(1000 MT)
Total Supply	9,095	9,523	9,423	10,094	10,516	10,273	9,829	10,580	10,220	(1000 MT)
MY Exports	142	141	141	120	150	110	100	150	100	(1000 MT)
Industrial Dom. Cons.	5,931	6,512	6,325	6,560	7,440	7,010	6,590	7,565	7,105	(1000 MT)
Food Use Dom. Cons.	2,743	2,500	2,600	3,100	2,580	2,760	2,950	2,600	2,800	(1000 MT)
Feed Waste Dom. Cons.	5	14	14	5	16	13	5	15	15	(1000 MT)
Total Dom. Cons.	8,679	9,026	8,939	9,665	10,036	9,783	9,545	10,180	9,920	(1000 MT)
Ending Stocks	274	356	343	309	330	380	184	250	200	(1000 MT)
Total Distribution	9,095	9,523	9,423	10,094	10,516	10,273	9,829	10,580	10,220	(1000 MT)

Source: FAS EU-27

MY 2010/11

Rapeseed harvest was concluded in Bulgaria, the Czech Republic, France, Hungary, Romania and Austria, and

is still ongoing in the other MS. Updated information about rapeseed plantings indicates that EU-27 rapeseed area is marginally lower than originally forecast, yet still higher than in MY 2008/09. Production is revised down to 20.3 MMT compared to FAS/EU-27 estimate in March (21.1 MMT) as a result of lower than expected yields. Expected total EU average yields are lowered to 2.96 MT/ha and compare to 3.06 MT/ha in the March estimate and the 3.3 MT/ha that were achieved in 2009. Wet weather during spring (France and Hungary) and dry weather in late spring/early summer (Central and Eastern Europe) resulted in lower yields. Excessive rains in June/July in Bulgaria, Hungary, Romania, and Poland led to higher losses during harvest. Bulgaria, Italy, Latvia expect higher yields compared to the March estimate, however, this increase is by far outweighed by lower yields in the other MS.

Despite lower EU domestic production, EU imports are also forecast lower than in the March estimate. This is partly a consequence of expected lower production in supplier countries such as the Ukraine, Belarus, and Russia. Imports are not reduced further based on expectations that these countries are forecast to export stocks to capitalize on the higher international rapeseed prices. In addition, the crushing forecast is reduced from the previous report. In April 2010, a fire in a German oil mill reduced the annual overall German crushing capacity by about 1 MMT. In addition, in the Netherlands a crushing plant with an annual capacity of 185,000 MT closed down. This can only partially be compensated by forecasted increases of crushing in Bulgaria and the Czech Republic due to biofuel mandates and higher food use in the UK. In total, EU 27 rapeseed crush is forecast at 22.2 MMT compared to our earlier forecast of 23.5 MMT and an estimated crush of 22.9 MMT in MY 2009/10.

Meal

The forecast for rapeseed meal use in animal feed is lowered compared to previous expectations as well as compared to MY 2009/10. Lower domestic production is expected to result in higher prices which will make it more difficult for rapeseed to compete with ample available soybean meal.

Oil

Lower domestic rapeseed oil production and increased demand for food use and from the biofuel sector (especially in Poland and the UK) are expected to drive up imports beyond previous forecasts. Nonetheless, the tight supply is expected to slow down the increase in rapeseed oil use for biofuel production.

MY 2009/10

Eleven months trade data shows net imports at a lower than previously anticipated level. Still, imports were considerably higher than prior to MY 2008/09. Crush is estimated lower than in the March report as a result of the lower availability of rapeseed. Rapeseed oil use for biofuels is estimated lower than in March reducing the year on year increase of this usage. A revision of data in Poland and the UK shows a higher food use than previously anticipated.

4. Sunflower Complex

Coordinator: Mila Boshnakova

EU-27 Sunflower Seeds PSD

Oilseed, Sunflowerseed 27	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Area Planted	3,750	0	3,740	3,950	0	3,900	3,900	0	3,850	(1000 HA)
Area Harvested	3,749	3,740	3,740	3,936	3,900	3,900	3,900	3,915	3,850	(1000 HA)
Beginning Stocks	239	239	239	705	580	705	382	460	430	(1000 MT)
Production	7,080	7,100	7,100	7,027	7,000	7,000	6,900	7,100	6,850	(1000 MT)
MY Imports	616	616	616	320	400	350	250	350	300	(1000 MT)
MY Imp. from U.S.	70	70	0	70	0	0	70	0	0	(1000 MT)
Total Supply	7,935	7,955	7,955	8,052	7,980	8,055	7,532	7,910	7,580	(1000 MT)
MY Exports	455	455	455	670	550	680	500	600	590	(1000 MT)
Crush	5,880	6,050	5,910	6,130	6,150	6,140	5,950	6,150	5,950	(1000 MT)
Food Use Dom. Cons.	295	270	285	290	270	265	250	270	250	(1000 MT)
Feed Waste Dom. Cons.	600	600	600	580	550	540	530	550	490	(1000 MT)
Total Dom. Cons.	6,775	6,920	6,795	7,000	6,970	6,945	6,730	6,970	6,690	(1000 MT)
Ending Stocks	705	580	705	382	460	430	302	340	300	(1000 MT)
Total Distribution	7,935	7,955	7,955	8,052	7,980	8,055	7,532	7,910	7,580	(1000 MT)

Source: FAS EU-27

EU-27 Sunflower Meal PSD

Meal, Sunflowerseed EU- 27	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USD A Offici al	Old Post	New Post	USD A Offici al	Old Post	New Post	USD A Offici al	Old Post	New Post	
Crush	5,880	6,050	5,910	6,130	6,150	6,140	5,950	6,150	5,950	(1000 MT)

Extr. Rate, 999.9999	1.	1.	0.53 5	1.	1.	0.534 9	1.	1.	0.53 5	(PERCENT)
Beginning Stocks	69	69	69	296	292	296	128	222	200	(1000 MT)
Production	3,21 0	3,22 0	3,16 2	3,34 6	3,28 0	3,284	3,24 6	3,28 0	3,18 3	(1000 MT)
MY Imports	2,48 3	2,48 3	2,48 3	2,35 0	2,00 0	2,250	2,40 0	1,85 0	2,15 0	(1000 MT)
MY Imp. from U.S.	0	0		0	0		0	0		(1000 MT)
Total Supply	5,76 2	5,77 2	5,71 4	5,99 2	5,57 2	5,830	5,77 4	5,35 2	5,53 3	(1000 MT)
MY Exports	80	80	80	100	100	110	100	100	100	(1000 MT)
Industrial Dom. Cons.	4	0		100	150	170	100	150	150	(1000 MT)
Food Use Dom. Cons.	0	0		0	0		0	0		(1000 MT)
Feed Waste Dom. Cons.	5,38 2	5,40 0	5,33 8	5,66 4	5,10 0	5,350	5,45 0	4,90 0	5,08 3	(1000 MT)
Total Dom. Cons.	5,38 6	5,40 0	5,33 8	5,76 4	5,25 0	5,520	5,55 0	5,05 0	5,23 3	(1000 MT)
Ending Stocks	296	292	296	128	222	200	124	202	200	(1000 MT)
Total Distribution	5,76 2	5,77 2	5,71 4	5,99 2	5,57 2	5,830	5,77 4	5,35 2	5,53 3	(1000 MT)

Source: FAS EU-27

EU-27 Sunflower Oil PSD

Oil, Sunflowerseed EU-27	2008/2009			2009/2010			2010/2011			
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Crush	5,88 0	6,05 0	5,91 0	6,13 0	6,15 0	6,140	5,95 0	6,15 0	5,95 0	(1000 MT)
Extr. Rate, 999.9999	0.	0.	0.42	0.	0.	0.418 2	0.	0.	0.41 8	(PERCENT)
Beginning Stocks	201	201	201	242	236	242	273	252	285	(1000 MT)
Production	2,33 5	2,52 0	2,48 2	2,43 5	2,60 0	2,568	2,36 0	2,60 0	2,48 7	(1000 MT)
MY Imports	1,00 7	995	995	970	900	935	1,03 0	900	950	(1000 MT)
MY Imp. from U.S.	1	0		0	0		0	0		(1000 MT)
Total Supply	3,54 3	3,71 6	3,67 8	3,64 7	3,73 6	3,745	3,66 3	3,75 2	3,72 2	(1000 MT)
MY Exports	143	143	143	140	140	145	130	145	135	(1000 MT)
Industrial Dom. Cons.	263	335	278	250	340	300	280	340	312	(1000 MT)
Food Use Dom. Cons.	2,89 3	2,98 0	2,99 5	2,98 2	2,98 0	2,990	3,02 0	3,00 0	3,01 0	(1000 MT)
Feed Waste Dom.	2	22	20	2	24	25	3	25	25	(1000 MT)

Cons.										MT)
Total Dom. Cons.	3,15 8	3,33 7	3,29 3	3,23 4	3,34 4	3,315	3,30 3	3,36 5	3,34 7	(1000 MT)
Ending Stocks	242	236	242	273	252	285	230	242	240	(1000 MT)
Total Distribution	3,54 3	3,71 6	3,67 8	3,64 7	3,73 6	3,745	3,66 3	3,75 2	3,72 2	(1000 MT)

Source: FAS EU-27

MY 2010/11

The sunflower harvest is expected to start at the end of August to early September in southern parts of the EU-27. MY 2010/11 production is forecast to be 2 percent lower compared to MY 2009/10, mainly due to extreme dry or wet weather conditions during planting time and declining yields in the main production countries of France, Hungary, and Spain. The same countries also had lower planted areas than initially expected.

Favorable summer weather should lead to good yields in Romania and Bulgaria, however production increases will be limited because planted areas remained the same or decreased. As a result of these developments, harvested area in EU27 in MY 2010/11 is reduced by 1.7 percent than previously forecast in March, production is revised 3.6 percent down with average yields of 1.78 MT/HA compared to the initial estimate of 1.81 MT/HA.

World and regional supplies of sunflower seeds in MY 2010/11 are expected to be lower than in the previous season. Drought in Russia, FSU and in Ukraine is affecting the sunflower crop in these countries and may limit exportable supplies. Argentina, the other main supplier to the EU27, may be able to sell more sunflower seeds to the EU in the second half of the MY 2010/11 provided that local crop meets current estimates for higher production. Limited world supply and increasing prices are expected to lower EU-27 imports than previously forecasted. Therefore, imports are revised down by 15 percent. At the same time, sunflower seeds exports may be slightly lower than expected due to strong demand within the EU, and an expected good crop in Turkey, the main buyer of EU 27 sunflower seeds. In addition, other buyers of EU origin sunflower seeds, such as the Western Balkan countries, tend to be price sensitive, limiting imports.

Crush remains the main use of seeds in the EU. The crush forecast is lowered 3 percent due to an expected lower domestic crop and imported seeds, but also because EU sunflower meal faces competition from other sources, which tend to be priced lower. Lower crush is expected in Germany, Hungary, Spain and Italy and stagnant crushing is forecast for France, Romania, Benelux and Czech Republic.

Ending stocks of sunflower seeds is forecast at 30 percent below MY 2009/10 and reflects a further reduction from the previous forecast. Reduced domestic production coupled with declining production in major supplying countries such as Ukraine and Russia will not be accompanied by similar declines in sales.

Meal

Output of sunflower meal will decrease by 3 percent, as a result of decline in crushing. The EU livestock sector will continue to recover from high feed prices and the global financial crisis resulting in increased imports compared to the previous forecast, but will remain lower than in MY 2009/10.

The forecast for sunflower meal use in animal feed is revised upward compared to the previous forecast but

remains lower compared to MY 2009/10. Higher prices will make sunflower meal less competitive to soybean meal.

Oil

Lower sunflower oil production and stable or increased food use in most EU member states are forecast to push imports above previous forecasted amounts. The EU sunflower oil market is not as price sensitive; though near record levels are unexpected to limit the increase of imported oil to less than 2 percent, which is 5 percent less than 2008/09.

MY 2009/10

Eight months trade data shows lower sunflower seed imports and higher than previously anticipated exports, mainly due to quickly growing strong demand for sun meal and oil in Turkey. Marginal adjustments were done in crush use.

Trade data show sunflower meal imports growing faster reflecting good regional supply and improving domestic demand in the EU 27, both are revised upward. Exports are estimated at slightly higher level than in March.

Sunflower oil imports increased due to abundant regional supply in countries such as Ukraine and Russia. It is likely that oil imports will slow down in the last quarter of the marketing year as reflected by the decrease in Russian and Ukrainian exports.

5. Policy

Coordinator: Karin Bendz

Aid system for oilseed

Under the Agenda 2000 CAP reforms, support to EU oilseed farmers was decoupled. Direct payments to farmers were no longer crop specific or linked to production, and the extra subsidy farmers previously received for oilseed production no longer exists. The impact of the elimination of production linked subsidies on the EU oilseeds market is marginal compared to the market impact of the growing biofuels sector.

The high demand for rapeseed for the production of biofuels has led to increased prices, incentive enough for farmers to increase rapeseed production over the last few years. However, as of January 1, 2010, the €45/ha “energy premium” is no longer available for farmers producing crops for the production of energy.

There is no intervention buying, export subsidy, or other market support available for oilseeds in the EU.

EU Climate and Energy Package

Requirements under the EU Climate and Energy Package have the potential to impact the oilseeds market. Since second generation biofuel is not in commercial production, the 10 percent minimum goal for biofuel in transport will lead to a higher demand for vegetable oils to produce biodiesel. The sustainability criteria will favor biofuel feedstock, whether produced domestically or imported, from sources that produce according to the EU

sustainability criteria.

For biofuels to be eligible for financial supports, they must meet sustainability criteria that are outlined in the Renewables Energy Directive (RED). These sustainability criteria have to be met by all biofuels whether produced within the European Union or imported from a third country. All biofuel has to be certified by an organization recognized by the MS authorities or the Commission.

Biofuel must have a GHG (greenhouse gas) emissions saving of at least 35 percent. From 2017, the minimum GHG emission saving is increased to 50 percent. For biofuels produced in installations which start production in 2017 or later, the GHG savings must be 60 percent. GHG emission savings are calculated using lifecycle analysis and following methodologies summarized in RED (renewable energy directive) annexes. The respective values for biodiesel made from soy oil set at 40 “typical” percent and 31 “default” percent. However these values were calculated on soy from South America and do not apply for U.S. soy oil.

Environmental sustainability criteria covering bio-diverse and high -carbon-content lands are also specified. Other sustainability criteria are mentioned and reporting requirements are established, but the specific requirements and thresholds do not exist. These cover other environmental criteria, including soil, water, and air quality, and social criteria, focusing on food price impact and adherence to ILO (International Labor Organization) conventions.

For further details see EU-27 Oilseeds Annual Report

Related EU-27 and Country Reports:

Oilseeds Reports

Report Title	Date Released
EU-27 Oilseeds Annual Report	4/19/2010
EU-27 Soybean Imports from the United States Still Impeded	11/3/2009
Oilseeds Crop Update - U.S. Soybean Exports to EU Threatened	8/12/2009

Related Topics

Report Title	Date Released
First Generation Biofuels Gain Credibility – Next Generation Projects	5/21/2010
EU-27 Biofuels Annual	6/11/2010